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World Production and Trade

United States
Department of
Agriculture

Foreign
Agricultural
Service

Washington, D.C. 20250

Weekly
Roundup

WR 12-87

March 25, 1987

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

GRAIN AND FEED

Decline Expected in MEXICO'S 1987/88 Wheat Production. Mexico's 1987/88 wheat production is forecast to be 4.0 million tons, 11 percent below last year's record 4.5-million-ton crop, according to the U.S. agricultural counselor in Mexico City. The decline primarily is attributed to a sharp reduction in planted area due to persistent disease problems. Expected yield, however, has benefited from good water supply and generally favorable weather. With nearly 95 percent of the wheat crop irrigated, moisture should not be a limiting factor during this production cycle. Cold weather during January in the major northwestern producing areas actually benefited the crop by retarding disease development. Despite the expected decline in the 1987/88 harvest, wheat production remains well above the annual average of 2.3 million tons produced in the late 1970's.

Recent government policy has favored the production of higher quality wheat over lower quality feed-type wheat. As a result, the projected crop decline is expected to occur mainly in lower quality wheat. The government sets a floor price for all major grains by announcing a "guaranteed" producer price in the fall, prior to planting, and a higher "reference" price in the spring near harvest. Last December, the government set two guaranteed prices for wheat--90,700 pesos a ton (currently US\$82.61) for bread-quality wheat and 81,700 pesos a ton (US\$74.41) for lower quality wheat.

Small Increase Expected in INDONESIA'S 1987/88 Rice Crop. Indonesia's 1987/88 rice production is projected at 26.3 million tons (milled-basis), up marginally from last year's crop, but down from the record 1985/86 harvest of 26.5 million tons, according to the U.S. agricultural counselor in Jakarta. Rice area is expected to be up slightly from last year due to generally favorable producer prices. Potential yield for the 1987/88 season will likely be trimmed somewhat due to continuing problems with brown plant hoppers and to delayed planting caused by a poor start to the rainy season in the principal growing areas of central and eastern Java. Growth in rice production has remained relatively flat since 1984/85 after expanding rapidly during the late 1970's and early 1980's.

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MEXICO'S 1986/87 Dry Edible Bean Crop Higher Despite Poor Weather. Mexico's 1986/87 dry edible bean production is estimated at 1,025,000 tons, up slightly from year, according to the U.S. agricultural counselor in Mexico City. Dry edible beans are grown during two different seasons: a summer crop grown principally in the north-central states of Zacatecas, Durango and Chihuahua, and a fall planted/spring harvested crop grown mainly along the west-central Pacific coast states of Sinaloa and Nayarit. Production of the summer-grown crop is estimated at 750,000 tons. Yield for this crop was below normal due to adverse weather; however, planted area was expanded by switching some land from corn and sorghum. The spring harvested crop is estimated at 275,000 tons. Yield of the fall-planted crop was hurt by cold January temperatures in the state of Sinaloa and by excessive rains in the state of Nayarit. However, fall plantings were up significantly as farmers in Sinaloa switched land from wheat to dry edible beans.

Smaller 1987/88 Wheat Crop Expected in CHILE. Chile's 1987/88 wheat production is projected at 1.4 million tons, down 12.5 percent from last year's record 1.6-million-ton harvest, according to the U.S. agricultural attache in Santiago. The decline is attributed to a sharp reduction in wheat area in part caused by a lowering of the domestic wheat price. Despite the projected decline, the 1987/88 crop would still be well above production in the early 1980's. Wheat production for the period 1980/81-1987/88 follows, in thousand metric tons:

Year	Production
1980/81	966
1981/82	686
1982/83	586
1983/84	850
1984/85	1,150
1985/86	1,600
1986/87 Preliminary	1,600
1987/88 Forecast	1,400

DAIRY, LIVESTOCK AND POULTRY

INDIA'S Milk Output Increased. Total milk production in India is forecast at 44.3 million tons in 1986/87, 5 percent above 1985/86. India is the third leading milk producing country in the world following the USSR and the United States. Slightly over half of the milk produced in India is buffalo milk and most of the remainder is cow milk. The increase in milk production is largely attributed to the success of government programs to improve breeding facilities, health care and feeding techniques. Further, through government efforts, most milk producers are now integrated into producer cooperatives which have improved storage, processing, transportation, and marketing.

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GERMAN Livestock Production Down in 1986. The U.S. agricultural counselor in Bonn reports that West German livestock numbers fell in 1986. At the start of 1987, cattle numbers were 15.23 million head, down 2.5 percent from year-ago levels due to dairy herd culling. Further declines are projected for 1987 as German dairy herds are reduced to meet milk production quotas. Hog numbers at the start of 1987 were down 0.4 percent to 24.18 million; this decline is attributed to falling profits from hog production despite low feed prices. A further drop is expected in 1987. Beef production was up 7.6 percent in 1986 to 1.695 million tons due to herd culling; only a slight drop is projected in 1987 to 1.665 million tons. The rise in beef production has caused pork prices to fall and production for 1987 is projected to fall about 2 percent to 2.78 million tons after a 2.8 percent rise in 1986.

SYRIAN Cow Milk Production Up 7 Percent. Syrian cow milk production in 1986 totaled 621,000 tons, an increase of 7 percent, according to a report from the U.S. Embassy in Damascus. Cow milk production accounts for about 60 percent of total milk production; the remainder comes primarily from sheep and goats. Milk output in 1986 was hurt by a dry summer that limited feed production and by a national shortage of foreign exchange that limited feed imports. Fall rainfall is reported to have been plentiful which will provide a good start to production in 1987.

FRUITS

SAO PAULO, BRAZIL'S Orange Production Revised Upward. Brazil's 1986 commercial orange crop in the state of Sao Paulo--about 80 percent of total Brazilian production--is estimated at 220 million boxes (40.8 kilogram boxes) by the U.S. agricultural officer in Sao Paulo. This is a 10-million box increase over the previous forecast (See WR 25-86). The 1986 harvest was retarded by the 1985 drought which delayed flowering and fruit set by several months, but multiple pickings have increased production above earlier projections.

Production of frozen concentrate orange juice (FCOJ) in Sao Paulo is forecast at 580,000 metric tons of 65 degree brix concentrate. Exports of Sao Paulo FCOJ for the marketing year ending June 30, 1987 are forecast at 750,000 tons, up 50,000 tons from the previous forecast. In addition, another 15,000 to 20,000 tons of FCOJ from other Brazilian states will be exported. FCOJ stocks are expected to be down to about 35,000 tons by the end of the season.

For 1987 Sao Paulo orange production prospects are improved. Weather conditions are more favorable this year; however, some problems have developed in areas where old-crop fruit is being harvested from trees already bearing new-crop green fruit.

According to the Brazilian press, orange juice processors have already contracted to buy 20 percent of the 1987 crop at a price of 39 Cruzados (CZ) (US\$1.90) per box with a deposit of 12 CZ (US\$0.58). In addition, some contracts offer an opportunity to hedge on the New York Futures market. Last year they offered 14 CZ (US\$1.00) per box with a deposit of 5 CZ (US\$0.36).

CREDIT NOTES

Public Law 480 Agreement Signed with SUDAN. The United States and Sudan signed a fiscal 1987 Public Law 480 sales agreement valued at \$57.7 million. The agreement provides \$34.0 million in wheat (about 309,000 tons), \$16.0 million in flour (about 73,000 tons) and an estimated \$7.7 million for ocean freight financing.

ALGERIA Receives Additional GSM-102 Credit Guarantees. USDA has approved an additional \$84.0 million in GSM-102 credit guarantees for sales of U.S. agricultural products to Algeria. The additional guarantees provide \$31.0 million for protein, \$9.0 million for tallow and \$44.0 million for vegetable oils. This action increases the GSM-102 fiscal 1987 program for Algeria to \$464.0 million.

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of March 20, 1987, was as follows in metric tons:

ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS
64. Iraq table eggs	Feb. 20, '87	189 million eggs
63. Canary Islands poultry	Feb. 9, '87	5,000
62. Nigeria wheat	Jan. 28, '87	500,000
61. China wheat	Jan. 26, '87	1,000,000 COMPLETE
60. Iraq wheat	Jan. 16, '87	800,000 Sold 220,000
59. Switzerland barley or sorghum	Jan. 16, '87	250,000 Sold 9,000
58. Poland wheat	Jan. 7, '87	500,000 COMPLETE
57. Poland barley or sorghum	Dec. 31, '86	200,000 Sold 137,000
56. Romania wheat	Dec. 23, '86	250,000
55. Iraq poultry	Dec. 22, '86	60,000 Sold 25,000
54. Dominican Republic table eggs	Dec. 9, '86	25 million eggs Sold 6.5 million eggs
53. Zanzibar wheat flour	Dec. 9, '86	20,000
52. Tunisia barley	Dec. 1, '86	150,000
51. Gulf countries (Bahrain, Kuwait, Oman, Qatar, United Arab Emirates) dairy cattle	Oct. 30, '86	1,500 head Sold 739
50. West Africa (Cameroon, Cote d'Ivoire, Ghana, Togo) wheat	Oct. 30, '86	345,000 Sold 29,500
49. Dominican Republic poultry	Oct. 29, '86	1,500 Sold 1,133
48. Philippines barley malt	Oct. 20, '86	60,000 Sold 25,000
47. Cameroon wheat flour	Oct. 14, '86	20,000

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

46. Romania barley	Sept. 24, '86	200,000	Sold 125,000
45. Venezuela barley malt	Sept. 4, '86	100,000	
44. Cyprus barley	Aug. 26, '86	150,000	Sold 108,000
43. Canary Islands wheat	Aug. 8, '86	100,000	
42. Egypt semolina	Aug. 6, '86	30,000	Sold 17,000
41. Soviet Union wheat	Aug. 1, '86	4,000,000	EXPIRED
40. Canary Is. dairy cattle	July 28, '86	3,000 head	Sold 75
39. Hong Kong table eggs	July 28, '86	44 million eggs	Sold 22.0 million eggs
38. Senegal wheat	July 17, '86	100,000	COMPLETE
37. India vegetable oil	July 8, '86	25,000	COMPLETE
36. Jordan barley	June 17, '86	60,000	
35. Israel barley	June 17, '86	200,000	Sold 66,682
34. Tunisia dairy cattle	May 29, '86	4,000 head	COMPLETE
33. Algeria dairy cattle	May 29, '86	5,000 head	
32. Sri Lanka wheat	May 16, '86	125,000	COMPLETE
	March 5, '87	95,000	Sold 35,000
31. Saudi Arabia barley	May 7, '86	500,000	COMPLETE
	Aug. 6, '86	250,000	COMPLETE
	Sept. 16, '86	300,000	COMPLETE
	Oct. 8, '86	200,000	COMPLETE (201,000)
	Jan. 5, '87	1,250,000	COMPLETE
30. Algeria barley	Apr. 17, '86	500,000	
29. Morocco dairy cattle	Apr. 16, '86	4,000 head	COMPLETE
28. Turkey dairy cattle	Apr. 16, '86	5,000 head	COMPLETE
27. Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
	Sept. 12, '86	10,000 head	Sold 1,855
26. Yemen poultry feed	Apr. 14, '86	150,000	Sold 7,000
25. Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
	June 24, '86	200,000	COMPLETE
	Oct. 7, '86	500,000	Sold 93,050
24. Indonesia dairy cattle	Apr. 9, '86	7,500 head	COMPLETE
23. Syria wheat	Apr. 8, '86	700,000	CANCELLED
22. Benin wheat	Apr. 7, '86	45,000	Sold 30,000
21. Algeria table eggs	Apr. 4, '86	500 million eggs	
20. Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 445
19. Jordan wheat	Mar. 19, '86	75,000	COMPLETE
	June 20, '86	75,000	COMPLETE
	Dec. 31, '86	225,000	
18. Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
	Aug. 22, '86	800,000	Sold 250,000
17. Algeria wheat flour	Feb. 25, '86	100,000	
16. Algeria semolina	Feb. 11, '86	250,000	Sold 30,000
15. Philippines wheat	Jan. 7, '86	150,000	COMPLETE (152,400)

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

14. Zaire wheat	Dec. 27, '85	35,000	COMPLETE
	May 15, '86	45,000	COMPLETE
	Oct. 17, '86	40,000	Sold 25,000
13. Nigeria barley malt	Dec. 10, '85	100,000	Sold 23,700
12. Iraq wheat flour	Dec. 9, '85	150,000	COMPLETE
	Jan. 7, '87	175,000	
11. Egypt poultry	Nov. 26, '85	8,000	COMPLETE
	Mar. 21, '86	15,000	COMPLETE
	June 18, '86	5,000	COMPLETE
	July 8, '86	15,000	COMPLETE
	Dec. 19, '86	25,000	Sold 12,500
	Feb. 27, '87	6,000	
10. Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
	May 15, '86	30,000	Sold 15,000
9. Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8. Jordan rice	Nov. 8, '85	40,000	Sold 38,700
	Jan. 13, '87	60,000	
7. Turkey wheat	Oct. 16, '85	500,000	COMPLETE
			(506,600)
	May 8, '86	500,000	Sold 248,000
6. Morocco wheat	Sept. 30, '85	1,500,000	COMPLETE
	Dec. 9, '86	790,000	Sold 260,000
5. Yemen wheat	Sept. 6, '85	100,000	COMPLETE
	Jan. 26, '87	100,000	Sold 25,000
4. Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
	Apr. 14, '86	100,000	COMPLETE
3. Egypt wheat	July 26, '85	500,000	COMPLETE
	Oct. 30, '85	500,000	COMPLETE
			(512,500)
	June 24, '86	500,000	COMPLETE
	July 29, '86	52,000	Sold 29,000
	Oct. 8, '86	1,000,000	Sold 406,000
2. Egypt wheat flour	July 2, '85	600,000	COMPLETE
	Aug. 6, '86	600,000	
1. Algeria wheat (ex durum)	June 4, '85	1,000,000	COMPLETE
wheat (ex durum)	Apr. 10, '86	1,000,000	Sold 354,000
durum	Nov. 10, '86	300,000	COMPLETE
durum	Mar. 16, '87	300,000	

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EXPORT ENHANCEMENT PROGRAM SUMMARY
Status as of March 20, 1987

Announced to Date	23,088,730 grains and products (grain equivalent)
	758 million table eggs
	140,500 tons frozen poultry
	52,500 head dairy cattle
	25,000 tons vegetable oil

Sold to Date	9,731,059 wheat
	1,412,626 flour (grain equivalent)
	2,840,682 barley
	64,390 semolina (grain equivalent)
	64,932 barley malt (grain equivalent)
	106,000 sorghum
	38,700 rice
	25,000 vegetable oil
	81,633 frozen poultry
	29,614 head dairy cattle
	28,482,000 table eggs

Total Sales Value:	\$1,368.0 million
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EXPORT ENHANCEMENT PROGRAM UPDATES

The Foreign Agricultural provides a 24-hour telephone service with daily updates on activity under the Export Enhancement Program. The telephone number is (202) 447-2043. The message is updated daily at 4 p.m. Washington, D.C. time.

TARGETED EXPORT PROMOTION PROGRAM

No announcements were made under USDA's Targeted Export Promotion Program this week.

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Selected International Prices

Item	: March 24, 1987		: Change from		: A year
	:		: a week ago		: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT	\$ per MT	
Wheat:					
Canadian No. 1 CWRS-13.5%.	155.00	4.22	+1.00	N.Q.	
U.S. No. 2 DNS/NS: 14%....	136.00	3.70	+1.00	168.00	
U.S. No. 2 S.R.W.10/	124.00	3.35	+1.00	114.00	
No. 3 H.A.D.....	158.00	4.30	+3.00	164.50	
Canadian No. 1 A: Durum...	169.00	4.60	+6.00	N.Q.	
Feed grains:					
U.S. No. 3 Yellow Corn....	87.00	2.21	+1.00	113.50	
Soybeans and meal:					
U.S. No. 2 Yellow.....	N.Q.	--	--	N.Q.	
Brazil 47/48% Soya Pellets	183.00	--	+4.00	197.00	
U.S. 44% Soybean Meal.....	177.00	--	-2.00	191.00	
U.S. FARM PRICES 3/					
Wheat.....	95.16	2.59	-0-	117.57	
Barley.....	N.Q.	--	--	N.Q.	
Corn.....	61.42	1.56	+1.57	91.71	
Sorghum.....	57.54	2.61 2/	+1.10	80.25	
Broilers.....	1,060.19	--	+16.98	1,070.99	
EC IMPORT LEVIES					
Wheat 5/.....	221.05	6.02	-0.95	158.30	
Barley.....	217.70	4.74	+3.35	147.75	
Corn.....	207.35	5.27	+2.05	140.75	
Sorghum.....	212.35	5.39	+2.20	146.25	
Broilers 4/ 6/ 8/.....	514.00	--	+6.00	311.00	
EC INTERVENTION PRICES 7/ 9/					
Common wheat(feed quality)	220.55	6.00	+2.25	189.40	
Bread wheat (min. quality)	230.85	6.28	+2.40	201.25	
Maize.....	230.85	5.861	+2.40	189.40	
Barley and all other feed grains, excluding maize.	220.55	--	+2.25	189.40	
Broilers 4/ 6/.....	1,606.00	--	+40.00	1,399.00	
EC EXPORT RESTITUTIONS (subsidies)					
Wheat	N.A.	--	--	N.A.	
Barley.....	155.50	3.39	+2.20	111.45	
Broilers 4/ 6/ 8/.....	424.00	--	+5.00	227.00	

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ June shipment. N.A.=None authorized. N.Q.=Not quoted. Note: Basis April delivery.